





# Obligations as a Self-Employed Person





# Keeping Proper Records









# Income Records

Records of revenue, fees or commission received from sale of goods or services provided include:

Receipt Book

Invoices Issued

Credit notes for  
returned goods

Books to record  
goods taken for  
private consumption

Customers' records

Refunds made to  
customers



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# Purchase & Expense Records

To obtain invoices / receipts when paying for purchases or expenses.  
Good practice to arrange such payment through the business bank account.

- When receipt is not issued, to prepare payment voucher with acknowledgement.
- To also maintain purchase / expense record book with details.

- Cash receipts to be retained even though the amount is small.
- To provide description if receipt does not indicate items bought

- For GST registered business, to maintain proper tax invoices as required ( refer to GST e-Tax Guide).



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# Assets and Stocks

## Assets

Prepare a fixed asset schedule at the time you start your business to record the assets purchased.

Keep documents such as contracts of purchase or sales and invoices.

## Stocks

Refers to anything purchased for the purpose of sale

Carry out a physical stock count at the end of the accounting year.



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# Bank Account

- Maintain separate bank accounts for business and personal purpose.
- The business bank account should be used solely for business purpose.
- Retain all business related bank statements.



# How to Keep Records

## Manual Records

Recording your business transactions in a physical form.

## Electronic Records

Through the use of a computer and/or accounting software.

**Source documents must be kept to substantiate the business transactions.**



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# Benefits of Record Keeping

- Better internal control of your business.
- Make better business decisions.
- An essential source of evidence to detect business losses, internal fraud and theft.
- Reduce cost and effort required for tax filing.

Under the Income Tax Act, you are required to **keep the business records** for **at least 5 years** with effect from 1 Jan 2007.



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# Types of Record to Keep

Source Documents			Category of taxpayers for Record Keeping Requirements	
Record Type	Item No	Documents Required	GST-Registered Businesses	Non-GST Registered Businesses
<b>INCOME RECORDS</b> (Records of each sales transaction)	1	Serially numbered receipts issued or cash register tapes or invoices issued	✓	✓
	2	Tax invoice/simplified tax invoice issued	✓	
	3	Rental Agreement signed by both landlord and tenant	✓	✓
	4	Books to record goods taken for private usage	✓	✓
	5	Credit notes for returned goods	✓	✓
	6	Documents relating to exports	✓	✓
	7	Evidence that payment have been received (e.g. bank statement)	✓	
<b>BUSINESS EXPENSE RECORDS</b> (Records of each business expense transaction)	8	Invoice received or Receipt received	✓	✓
	9	Payment made to individuals/companies for services rendered and the relevant contracts/agreements on the provision of services	✓	✓
	10	Payment vouchers for staff remuneration	✓	✓
	11	Employer's CPF contributions	✓	✓
	12	Payment evidence (e.g. bank statement)	✓	
<b>PURCHASE RECORDS</b> (Records of each purchase transaction)	13	Tax invoices received, Invoices received or Receipt received	✓	✓
	14	Documents relating to imports	✓	✓
	15	Payment evidence (e.g. bank statement)	✓	
<b>OTHER RECORDS (FOR GST PURPOSES)</b>	16	Business goods which were put to non-business use	✓	
	17	Disposals of business goods, whether or not for a consideration	✓	
	18	Removal of goods from customs-licensed warehouse	✓	



# Types of Records to Keep

ACCOUNTING RECORDS AND SCHEDULES			Category of taxpayers for Record Keeping Requirements	
Record Type	Item No	Documents Required	GST-Registered Businesses	Non-GST Registered Businesses
ACCOUNTING RECORDS AND SCHEDULES	1	Stock List	✓	✓
	2	Sales Record Book / Sales Listing	✓	✓
	3	Purchase Record Book/ Purchase Listing	✓	✓
	4	General Ledgers	✓	✓
	5	Balance Sheet, Profit and Loss Statement	✓	✓
	6	GST account summary of input and output tax, including GST refunded to tourists	✓	
BANK STATEMENT	7	Bank statements; with separate bank accounts for personal and business purposes	✓	✓ (Recommended)
Record Type	Item No	Documents Recommended	GST-Registered Businesses	Non-GST Registered Businesses
ACCOUNTING RECORDS AND SCHEDULES	1	Detailed schedules of Public Transport expenses	✓	✓
	2	Detailed schedules of Travelling expenses	✓	✓
	3	Detailed schedules of Entertainment expenses	✓	✓
	4	Fixed Asset Schedules	✓	✓
	5	Records of Capital Allowances	✓	✓

Note: The “required records” are mandatory records that businesses **must** keep for tax purposes. The “recommended records” are records that the businesses are **advised** to keep as good practices, and these should be available, or able to reproduce upon request by the Comptroller of Income Tax and/or GST.



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# Simplified Record Keeping

- Introduced on 1 Jan 2014
- Assist small businesses to make record keeping easier
- Small businesses that qualify will only need to keep business records (e.g. registers, listings) and not source documents (e.g. receipts and invoices)



# Conditions for Simplified Record Keeping

- Annual revenue < \$100,000 for the past 2 financial years
- Business assets < \$100,000 at the end of latest financial year
- Must not be an investment holding or property development business
- Business is a sole-proprietorship or partnership that is not GST-registered

[www.iras.gov.sg](http://www.iras.gov.sg) > Businesses > Self-employed / Sole-proprietors / Partners > Learning the Basics > Keeping Proper Records and Accounts > **Guides on Record Keeping**



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# In Summary

- Set up good filing system for your paperwork from the start of your business.
- Make sure records can be understood by anyone.
- Obtain the necessary source documents at time of transaction.
- Enter transactions accurately & regularly to keep records up to date.
- Record business expenses separately from personal expenses



# e-Learning on Record Keeping

The screenshot shows the IRAS website home page. At the top left is the IRAS logo and the text 'INLAND REVENUE AUTHORITY OF SINGAPORE'. To the right is the Singapore Government logo with the tagline 'Integrity · Service · Excellence'. Below the logo is a search bar and a dropdown menu for 'When IRAS Website'. A navigation bar contains links for 'Individuals', 'Businesses', 'GST', 'Property', 'Other Taxes', 'Schemes', 'e-Services', and a 'LOGIN' button. The main content area features a 'ASK Jasmine your Virtual Assistant' banner with an image of a laptop. Below this is a section for 'Upcoming Due Dates' with a timeline showing '30 SEP' for 'e-File ITC claim (year-end)' and '31 OCT' for 'e-File GST return (1 Jul-31 Sep)'. A notice states: 'IRAS Notice: Our Taxpayer Service Centre and all helplines will be closed from 7 to 10 Aug 2015 during the National Day period. Please use our e-Services. Thank you for your cooperation.' At the bottom is a 'Latest Updates' section with social media icons.

This screenshot shows the 'e-Learning' section of the IRAS website. It features three main columns: 'Employers', 'Employees', and 'Self-Employed / Partners'. The 'Self-Employed / Partners' column is highlighted in purple. Under this column, there are three e-learning modules: 'Record-Keeping Introduction', 'Income Tax Individuals', and 'S45 Withholding'. The 'Record-Keeping Introduction' module is highlighted in blue and includes a red arrow pointing to it from the left. The 'Record-Keeping Introduction' module description reads: 'Learn about the record-keeping requirements for Income Tax and GST purposes.' Below the description is a thumbnail image for 'RECORD KEEPING FOR SMALL AND MEDIUM-SIZED BUSINESS INTRODUCTION'. The 'Income Tax Individuals' module description reads: 'Learn about the basic concepts of individual income tax and your tax filing obligations.' Below it is a thumbnail for 'Filing an Individual Income Tax Return'. The 'S45 Withholding' module description reads: 'Find out more about withholding payment methods. Interactive examples and exercises to incorporate into your learning.' Below it is a thumbnail for 'S45 Withholding'.

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# More Information

Visit [www.iras.gov.sg](http://www.iras.gov.sg) > Businesses > Self-employed / Sole-proprietors / Partners > **Learning the Basics > Keeping Proper Records and Accounts**

To gauge the effectiveness of your record keeping:  
From the link above, go to **“Record Keeping Self-Assessment Toolkit”**



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# Filing Income Tax Returns



# Types of Form

You will need to report your business income in a summarized 2 or 4 line statement in either Form B or Form P.



# For a Partnership

- **Precedent partner**
  - The partner who, among all the partners present in Singapore, is the first named in the partnership agreement.
  - If there is no partnership agreement, the precedent partner is a partner who is agreed upon and appointed by the other partners to be the precedent partner.
- **Obligations of a precedent partner**
  - To report the business income in Form P.
  - Required to inform all the partners of their share of income from the partnership.





# For Partners

- Check with the precedent partner on the share of income from partnership.
- Report share of your partnership income/ loss under “Partnership” in the “Trade, Business, Profession or Vocation” section of your Form B.



# How to Report Business Income

**Revenue  
< or = \$100,000**

## **2-Line Statement**

1<sup>st</sup> Line  
Revenue

2<sup>nd</sup> Line  
Adjusted Profit/ Loss

**Revenue  
> \$100,000 but < \$500,000**

## **4-Line Statement**

1<sup>st</sup> Line  
Revenue

2<sup>nd</sup> Line  
Gross Profit/ Loss

3<sup>rd</sup> line  
Allowable Business  
Expenses

4<sup>th</sup> Line  
Adjusted Profit/ Loss

**Revenue  
> or = \$500,000**

## **4-Line Statement + Certified Statement of Accounts**

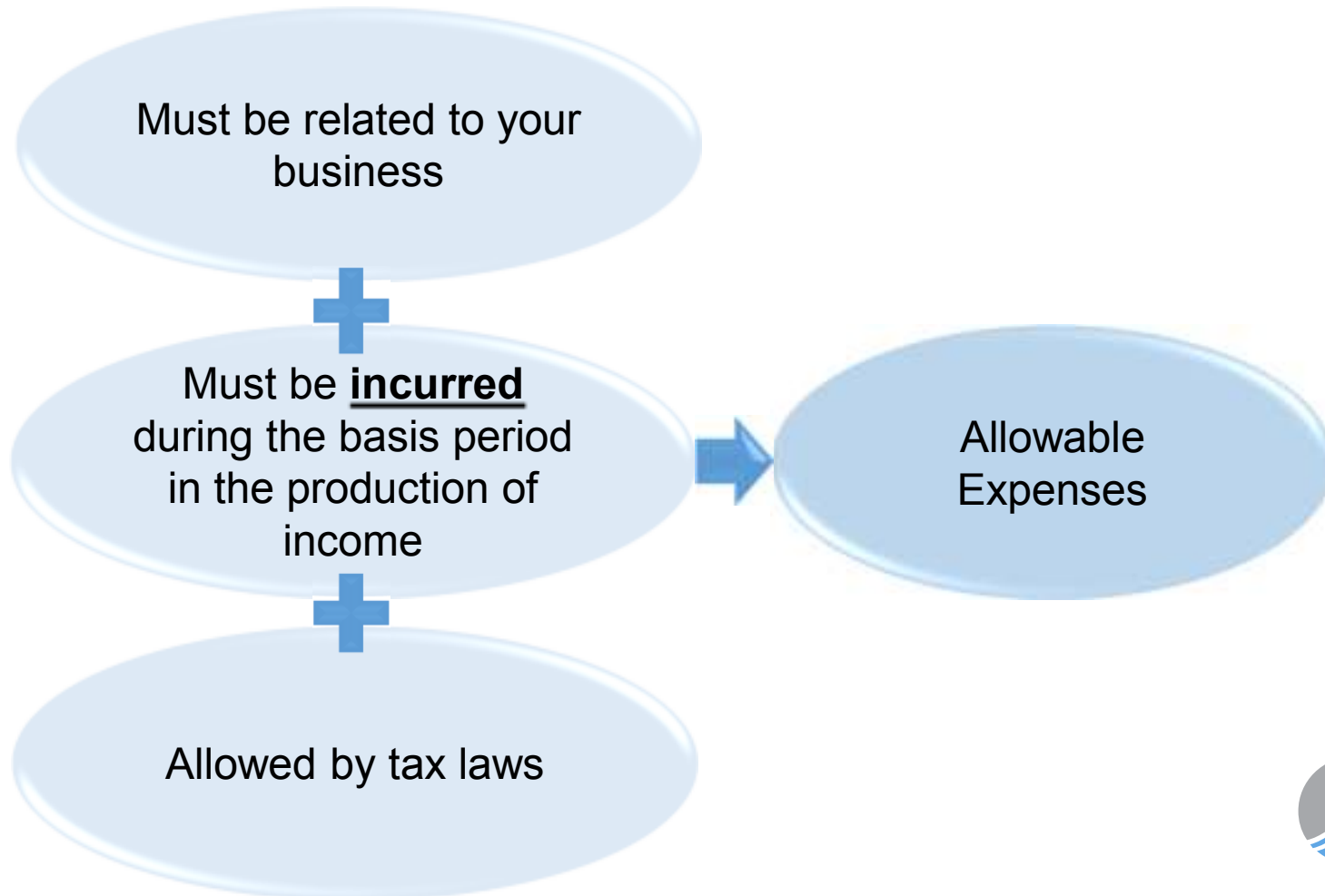
(i.e. Profit & Loss Account and  
Balance Sheet)

To be signed by the sole-  
proprietor/ precedent  
partner certifying that  
accounts are true and  
correct.



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# Allowable Expenses



# Allowable Expenses

## Examples of Allowable Business Expenses:

Rental paid for  
business  
premises

Business  
entertainment

Advertising,  
printing &  
stationery

Upkeep of  
business  
premises &  
equipments

Employee's  
remuneration

Business related  
overseas  
travelling  
expenses

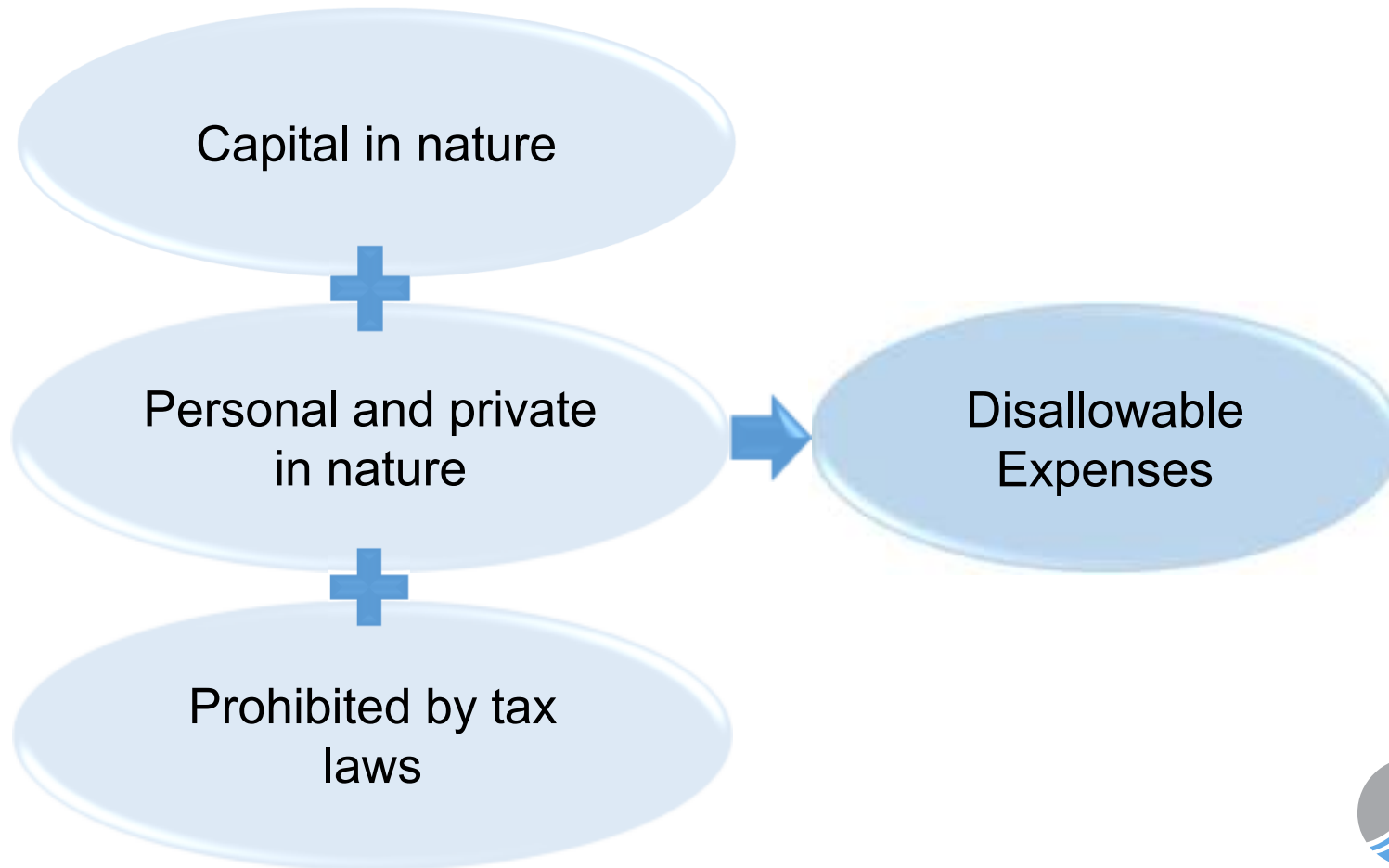
Public transport  
expenses

Capital  
allowances on  
fixed assets



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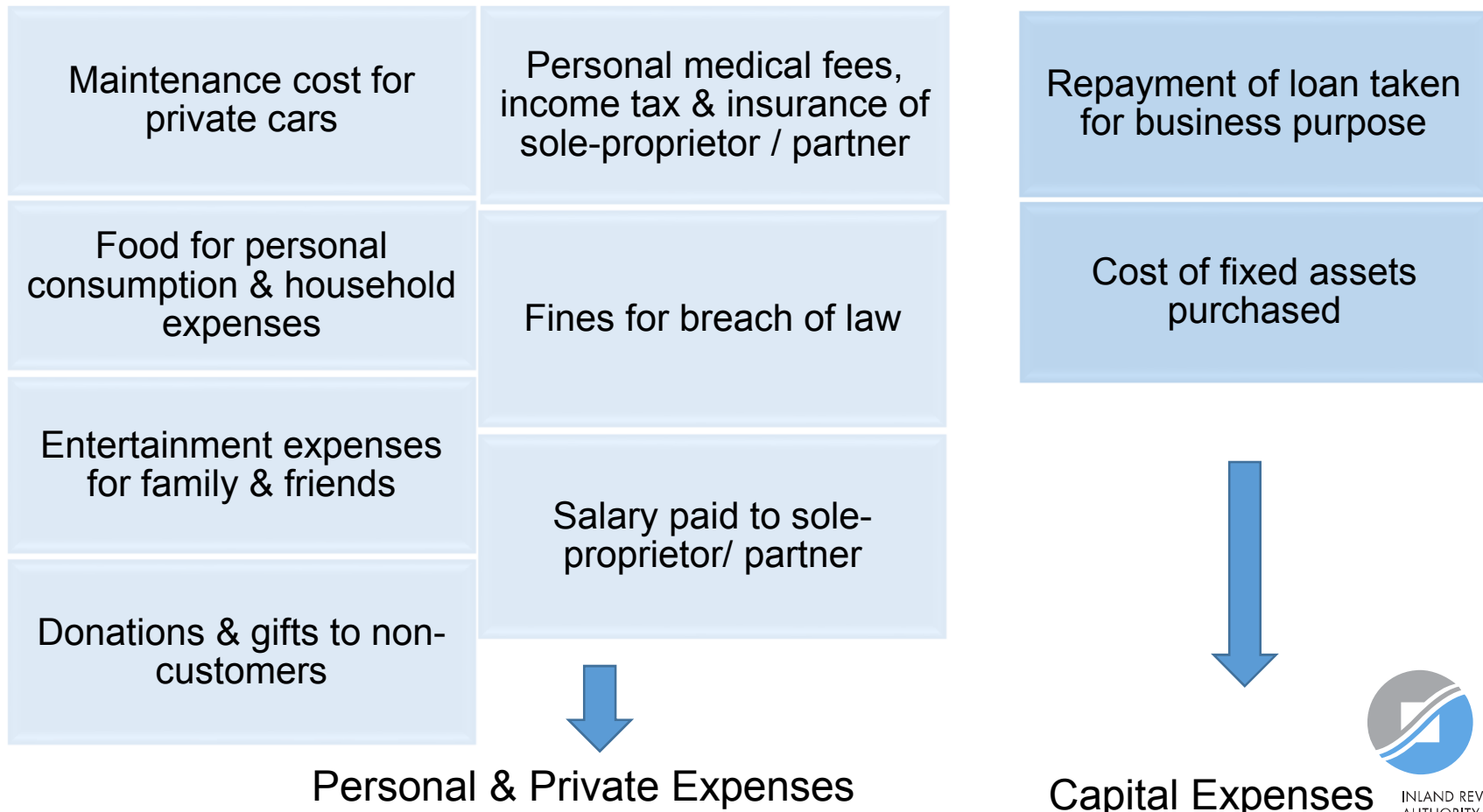
# Disallowable Expenses



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# Disallowable Expenses

## Examples of Disallowable Expenses:



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# Avoiding Common Errors



# Incorrect Categorisation of Income

Error	Correct Way
Self-employed income incorrectly reported under “Employment” or “Other Income”.	To declare 2 or 4-line statement under “Trade” if you are carrying on a trade, business, profession or vocation.



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# Understatement of Income

Error	Correct Way
Reported net collection (after deducting purchases / expenses) as revenue.	Report gross collection as revenue. Expenses should be reported separately.



# Incorrect Claim of Expenses

Errors	Correct Way
Claim private and domestic expenses as business expenses e.g. Food for personal consumptions and medical fees.	Claim only expenses incurred for your business.
Claim expenses in respect of private-plated cars (E or S-plate cars).	These expenses are not deductible even if incurred for business purpose.
Claim estimated expenses.	Claim expenses based on actual amount incurred.



# Incorrect Claim of Expenses

Error	Correct Way
<p>Unsubstantiated claims of payments to related parties or suppliers.</p> <p>E.g. Paying family members who are hired to help out with the business large amounts of salary instead of reasonable amounts as compared to the salaries of full-time employees.</p>	<ul style="list-style-type: none"><li>• Claim expenses incurred for your business based on actual amounts.</li><li>• Amount claimed should commensurate with the actual services performed.</li></ul>



# Failure to Keep Records

Errors	Correct Way
<p>Failing to keep and retain sufficient records for IRAS to ascertain income &amp; allowable business expenses.</p>	<ul style="list-style-type: none"><li>• To retain business records for 5 years. For e.g. invoices, receipts, etc. for the year 2016 should be retained for 5 years till 31 Dec 2021.</li></ul>
<p>Misconception that records can be discarded once a Notice of Assessment is received.</p>	<ul style="list-style-type: none"><li>• The Comptroller may request for these documents in the course of audits.</li></ul>



# Seeking Assistance



# If You Need Assistance

Service Details	Contacts
Self help (Record keeping guide)	<a href="http://www.iras.gov.sg">http://www.iras.gov.sg</a> > Businesses > Self-Employed / Sole-Proprietors / Partners > Learning the Basics > Keeping Proper Records and Accounts > Guides on Record Keeping > Record Keeping Guide for GST/Non-GST registered Businesses
Email	<ul style="list-style-type: none"> <li>myTax Mail (a secure email system where you are required to log in using SingPass or IRAS PIN) <a href="https://mytax.iras.gov.sg">https://mytax.iras.gov.sg</a></li> <li><a href="mailto:se@iras.gov.sg">se@iras.gov.sg</a></li> </ul>
Individual Income Tax	1800-356 8300
Goods & Services Tax	1800-356 8633
Taxpayer Services Centre	<p>1st Storey, Revenue House 55 Newton Road, Singapore 307987 (Located opposite Novena MRT Station)</p> <p>Operating Hours: 8am to 5pm (Mon to Fri) 8am to 1pm (Sat)</p>



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# Penalties



# Penalties

- Penalties may be imposed for the following offences:
  - No proper record keeping
  - Failure to submit income tax return
  - Furnishing an incorrect return
  - Tax evasion
- Penalty varies from a fine to imprisonment depending on the nature and severity of offence





# IRAS' Voluntary Disclosure Programme

# Voluntary Disclosure Programme

IRAS' Voluntary Disclosure Programme (VDP) encourages taxpayers to come forward voluntarily to correct their errors for reduced penalties.

Timely voluntary disclosures made within the 1-year grace from statutory filing date



No penalty imposed

Voluntary disclosures made after the 1-year grace period



Reduced penalty of 5% p.a. on income tax undercharged

[www.iras.gov.sg](http://www.iras.gov.sg) > About Us > Taxes in Singapore > Helping and Encouraging Compliance > IRAS' Voluntary Disclosure Programme



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# Voluntary Disclosure Programme

How to  
Inform  
IRAS



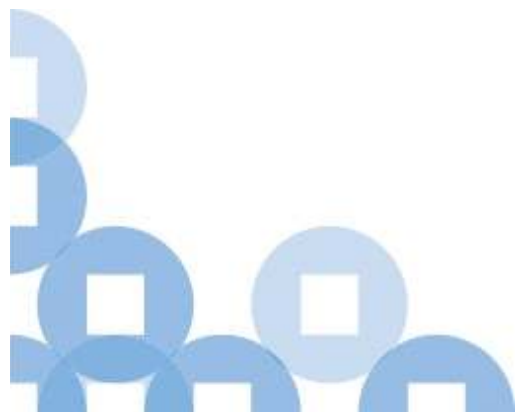
Tel : 6351 3121 / 6351 3122

Email: [iit\\_compliance@iras.gov.sg](mailto:iit_compliance@iras.gov.sg)



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# Thank You



The information presented in the slides aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise. This information is correct as at 30/09/2017. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary its position accordingly.

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